

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 7 - HB 118

March 18, 2019

SUMMARY OF ORIGINAL BILL: Authorizes Ashland City to levy a hotel occupancy tax, not to exceed five percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of its governing body.

FISCAL IMPACT OF ORIGINAL BILL:

Increase Local Revenue - \$15,800/Permissive/Ashland City

SUMMARY OF AMENDMENT (005633): Deletes and replaces all language after the enacting clause such that the only substantive change is to decrease, from five percent to two and one-half percent, the hotel occupancy tax that Ashland City is authorized to levy against the consideration charged by the hotel operator.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase Local Revenue – \$7,900/Permissive/Ashland City

Assumptions for the bill as amended:

- According to the Department of Health, there is one hotel in Ashland City, with a total of 16 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2017 hotel occupancy rate in Davidson County was 75.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2017 was 65.9 percent, and is estimated to have been 66.2 percent in 2018. The national hotel occupancy rate is estimated to be 66.0 percent in 2019.
- Estimate assumes the occupancy rate in the City of Ashland City is 60.0 percent.
- There will be approximately 3,504 nightly rentals each year in Ashland City (16 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$90 per night.
- Ashland City will impose a 2.5 percent hotel occupancy tax upon passage of this legislation.

- The permissive recurring increase in local government revenue is estimated to be \$7,884 (3,504 nightly rentals x \$90 per night x 2.5% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb